



BRADLEY P. GILBERT, MD, MPP
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



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Pharmacy Transition Policy
(Version 4.0, current as of 03/05/20)

Policy Background

The Department of Health Care Services (DHCS), in partnership with Magellan Medicaid Administration, Inc. (Magellan), understands the importance of ensuring a smooth and effective transition to Medi-Cal Rx for beneficiaries. To achieve this, close and ongoing collaboration between DHCS, Magellan, and Medi-Cal Managed Care Plans (MCPs) is critical. DHCS proposed to implement a multi-faceted pharmacy transition policy to help support this transition. During this transition period, Magellan will provide system messaging, reporting and outreach to provide for a smooth transition to Medi-Cal Rx. The intent of this pharmacy transition policy is to:

- Ensure Medi-Cal beneficiaries with existing prescriptions have sufficient time during this one-time, transition period to work with their doctors to submit a Prior Authorization (PA) future forward based upon medical necessity or, alternatively, to decide whether it is preferable to switch to another Medi-Cal covered drug with no PA requirements.
- Allow pharmacy providers, physician prescribers, and others to become better acclimated to Medi-Cal Rx processes, including those drugs that do and do not require PA, and make prescribing and treatment decisions for their Medi-Cal beneficiaries going forward.

DHCS' pharmacy transition policy will use strategies such as "grandfathering" previously approved PAs through their stated duration, a 120-day period where DHCS will not require PA for existing prescriptions, for drugs not on the Medi-Cal Contract Drug List (CDL) or that otherwise have PA requirements under Medi-Cal Rx. This policy does not apply to new prescriptions or drugs that do not otherwise have PA requirements under Medi-Cal Rx. Additional detail are below.

Lastly, please note that in January 2020, DHCS solicited information, in a specified format/template, from the MCPs participating in our Managed Care Pharmacy Carve-Out workgroup, as well as from Pharmacy Directors, to allow for a comparative formulary analysis. Going forward, DHCS will be engaging all MCPs to receive additional information specific to their daily data/interface business requirements. Furthermore, DHCS is conducting an ongoing encounter data analysis of MCP utilization patterns to inform CDL/policy decisions on how to best align drug coverage policy for January 1, 2021 and beyond. This analysis and review plus the plan formulary analysis will help inform DHCS as to whether or not targeted adjustments are needed to the CDL prior to the transition date.

Policy Proposal & Assumptions

For purposes of the pharmacy transition policy, Magellan will load at least 12 months of paid claims and PA history received from the MCPs and existing Medi-Cal fee-for-service (FFS) Fiscal Intermediary (FI) into Magellan's claims processing system to support edits that may "grandfather" and/or "look-back" to see if a product has been dispensed to a Medi-Cal beneficiary whether in managed care or FFS. DHCS has identified four distinct scenarios to help illustrate how the transition policy will be operationalized commencing on January 1, 2021:

- **Existing prescriptions without a previously approved PA:** For all Medi-Cal beneficiaries with an existing prescription that did not require PA as of December 31, 2020, but will otherwise require PA per Medi-Cal Rx policy on or after January 1, 2021, DHCS/Magellan will use paid claims data to "look back" and substantiate that a valid prescription existed. Based upon this "look back", DHCS will not require any PA during the 120-day period for covered Medi-Cal pharmacy benefits billed on pharmacy claims, with the exception of off-label use pursuant to federal Medicaid requirements. DHCS/Magellan will also use the "look back" functionality for purposes of facilitating edits and audits designed to alert providers to potential safety considerations such as contraindications, duplication, or overuse of the medication.
 - Here, upon submission of a claim during the 120-day period or anytime thereafter that would otherwise require PA, Magellan will ensure that billing providers receive messages reminding them that an approved PA will need to be in place pursuant to Medi-Cal Rx policy for claims submitted on or after May 1, 2021, regardless of prior paid claim history. The message will also advise them if a preferred drug alternative that does not require PA exists.
- **Existing prescriptions with previously approved PA:** For existing prescriptions with a previously approved PA on or before December 31, 2020, DHCS/Magellan will use PA history data to "grandfather" those prescriptions to allow continuation of the PA through its stated duration, e.g., six months, one year, etc. DHCS/Magellan will also use paid claims and PA data to "look back" for purposes of facilitating edits and audits designed to alert providers to potential safety considerations such as contraindications, duplication, or overuse of the medication.
 - Here, upon submission of a claim require PA under Medi-Cal Rx policy, Magellan will ensure that billing providers receive messages reminding them that an approved PA will need to be in place for claims submitted after the expiration of the grandfathered PA. The message will also advise them if a preferred drug alternative that does not require PA exists.

- **New prescriptions requiring PA:** For new prescriptions requiring PA under Medi-Cal Rx, the “grandfather” component would not apply. DHCS/Magellan would still use the “look back” information for purposes of facilitating edits and audits designed to alert providers to potential safety considerations such as contraindications, duplication, or overuse of the medication.
 - Here, upon submission of a claim that requires PA under Medi-Cal Rx policy, the billing providers would receive a message indicating that an approved PA is required for payment, and would also advise them if a preferred drug alternative that does not require PA exists. The billing provider would then be able to resubmit the claim with a PA request and, if approved, it would process and pay accordingly. Alternatively, the billing provider could also make the decision to switch to a preferred drug that does not have a PA requirement under Medi-Cal Rx.
- **New prescriptions not requiring PA:** For new prescriptions not requiring PA under Medi-Cal Rx, these claims are not impacted by this policy and will be processed and paid by Magellan per Medi-Cal Rx policy, as of January 1, 2021.

Strategies for Claim Editing & Messaging

Under this policy approach, DHCS’ and Magellan’s proposed strategies for claim editing and messaging, include but are not limited to:

- For all Medi-Cal Rx claims, Magellan will ensure that appropriate safety and other edits still apply such as Drug Utilization Review (DUR), drug limitations (e.g., some programs, such as the Family Planning, Access, Care, and Treatment (PACT) program may restrict coverage to only certain drugs), quantity limitations, etc.
- For all Medi-Cal Rx claims, all billing providers will continue to receive all real-time, automated claims edit and audit alerts, including notification when the drug selected will require PA after the transition period ends, and whether there is a preferred alternative drug that does not require PA. Example of message: An approved PA will be required on or after May 1, 2021 for claims payment. A preferred drug alternative that does not require PA would be Drug X, Y, or Z”.
- For all Medi-Cal Rx claims, although these affected claims will process and pay without an approved PA request, pharmacy providers will be encouraged to use such notifications to proactively work with prescribing providers to either switch the medication to an appropriate alternative that does not have a PA requirement, or submit a PA request prior to the termination of the 120-day transition period, or duration of the historical PA, whichever is later.
- DHCS, in partnership with Magellan, will provide informational messaging and/or reporting to pharmacy providers, prescribing providers, and MCPs on a daily, weekly, and/or monthly basis, depending on need.

Transitional Monitoring

Under this pharmacy transition policy, Magellan, in collaboration with DHCS, will provide regular transitional monitoring supports to help ensure billing providers and other interested entities (pharmacies, physician prescribers, MCPs, etc.) will have all necessary information to support efforts related to a smooth and effective transition:

- Reports (daily, weekly, and/or monthly, as needed) to identify movement from non-covered and non-preferred drugs will be created to monitor progress based upon claims data and Customer Service Center (CSC) activity. This will also include alerting billing providers who are submitting a claim for a drug that does require PA that there is a preferred drug alternative that does not require PA.
- DHCS will review progress with Magellan and review or adjust workflows based on the data.
- The Magellan MCP Liaisons will share status reports showing how many of each MCP's beneficiaries will need PAs post transition and how many of those PAs have been submitted.

DHCS/Magellan Transition and Ongoing Support Services

DHCS, in collaboration with Magellan, supports measures to ensure effective communication to providers and beneficiaries about the transition process. Below are some areas that will be discussed in detail as DHCS and Magellan refine our processes, and our methodology for all aspects of the transition including but not limited to:

- Magellan will document the process for PA to streamline access to Medi-Cal Rx drugs 24 hours a day, 7 days a week. Transition support will be provided by a team of Customer Service Representatives (CSRs) including Certified Pharmacy Technicians (CPhTs), Licensed Nurses, and Pharmacists.
- A description of the Prospective DUR screening of all prescriptions to ensure the beneficiary's safety in relation to the drug(s) prescribed.
- A description of methods and processes for communication of the pharmacy transition process to beneficiaries and authorized caregivers to ensure their questions and inquiries are promptly addressed and that they have access to their medications.
- A description of methods and processes for communication of the pharmacy transition process to providers to ensure their questions and inquiries are promptly addressed.
- Magellan will partner with DHCS to work collaboratively with MCPs to ensure a seamless transition for beneficiaries including:
 - Allowing MCP-authorized staff access to claims, prior authorization and other information, as determined by DHCS, via the Magellan's Medi-Cal Rx pharmacy portal to enable them to provide effective care coordination, medication adherence and their other responsibilities.

- Education for the authorized MCP staff on how to access and use the Magellan systems
- Leverage Magellan's dedicated Managed Care Liaison Unit to help MCPs resolve pharmacy-related clinical issues.

DHCS and Magellan understand that a key to maintaining seamless transition for beneficiaries is close coordination between Magellan, DHCS, stakeholders, providers, and MCPs, which should include our various stakeholder meetings and forums so key partners have the opportunity to identify questions and concerns related to the pharmacy benefit are critical to identify decision points and workflows.

Program Integrity

DHCS, through Magellan, will actively track and report out on claims data submitted during the pharmacy transition period to determine what Medi-Cal covered drugs billing providers are requesting, and how many PA-required notices are generated. DHCS will use this information, as needed, during program integrity activities.

- DHCS recognizes that there is some inherent risk with this 120-day pharmacy transition policy, and will be actively engaged in program integrity oversight and monitoring activities, including post-audit reviews, to ensure compliance with applicable state and federal statutes and regulations, as well as governing board requirements.